

Costa: It Is Time To Stop Running Our Nation On A Credit Card And Burdening Future Generations With Our Debts

WASHINGTON, D.C. – Today, the House of Representatives passed HR 2920, the Statutory Pay-As-You-Go Act (PAYGO) of 2009 by a vote of 265 to 166. Congressman Jim Costa (D-Fresno) is an original co-sponsor of this legislation and supported the legislation during today's vote on the floor. Overall, the legislation requires offsets for tax cuts or entitlement expansion over five years. The bill now moves onto the Senate for consideration.

“When Congress enacted the Budget Enforcement Act in 1990, it was attempting to rein in deficits that the federal government had experienced yearly since 1970,” Costa said. “It is disappointing that the sensible tax policies and investments in smart, pro-growth policies our country achieved from 1990 to 2001 were squandered for a large, unsustainable deficit. I am hopeful this legislation will move quickly in the Senate so we can bring our fiscal house back in order.”

HR 2920 ensures lawmakers in Congress make tough choices by requiring any spending increase or tax cut be paid for, rather than pushed on to future generations. Statutory PAYGO would apply to new policies that reduce revenue or expand entitlement spending; it will exempt extensions of current policy on the Alternative Minimum Tax, the estate and middle-class income tax cuts passed in 2001 and 2003, and Medicare payments to doctors.

The bill also makes changes to President Obama's original proposal, due to concerns that were raised. The first notable change deals with extensions of tax cuts and the time period for deficit neutrality. Under the President's proposal, extension of any of the tax cuts enacted in 2001 and 2003, including those for upper income taxpayers, would not be subject to statutory PAYGO; under the passed House bill, the exemption has been limited to middle-class tax cuts. The House bill also requires any legislation passed by Congress to be deficit neutral over both five and ten years.

